

# House File 2523 - Introduced

HOUSE FILE 2523  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO HF 98)

## A BILL FOR

1 An Act relating to cigarettes, tobacco, tobacco products,  
2 alternative nicotine products, and vapor products, and  
3 including taxation of such products.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.216C, Code 2022, is amended to read  
2 as follows:

3 **321.216C Use of driver's license or nonoperator's**  
4 **identification card by underage person to obtain tobacco, tobacco**  
5 **products, ~~alternative nicotine products, vapor products,~~ or**  
6 **cigarettes.**

7 A person who is under the age of twenty-one, who alters  
8 or displays or has in the person's possession a fictitious  
9 or fraudulently altered driver's license or nonoperator's  
10 identification card and who uses the license or card to violate  
11 or attempt to violate [section 453A.2, subsection 2](#), commits a  
12 simple misdemeanor punishable as a scheduled violation under  
13 section 805.8A, subsection 4. The court shall forward a copy  
14 of the conviction to the department.

15 Sec. 2. Section 423.3, subsection 57, paragraph h, Code  
16 2022, is amended to read as follows:

17 *h. "Tobacco" means cigarettes, cigars, ~~chewing or pipe~~*  
18 *~~tobacco, or any other item that contains~~ and tobacco products*  
19 *as defined in section 453A.1.*

20 Sec. 3. Section 453A.1, subsections 1, 23, and 28, Code  
21 2022, are amended to read as follows:

22 1. "*Alternative nicotine product*" means a product, not  
23 consisting of or containing tobacco, that provides for the  
24 ingestion into the body of nicotine, whether by chewing,  
25 absorbing, dissolving, inhaling, snorting, or sniffing, or  
26 by any other means. "*Alternative nicotine product*" does not  
27 include cigarettes, ~~tobacco products, or vapor products,~~ or a  
28 product that is ~~regulated as a drug or device~~ approved by the  
29 United States food and drug administration under chapter V of  
30 the federal Food, Drug, and Cosmetic Act for sale as a tobacco  
31 cessation product, as a tobacco dependence product, or for  
32 other medical purpose, and that is marketed and sold solely for  
33 that approved purpose.

34 23. "*Retailer*" shall mean and include every person in  
35 this state who shall sell, distribute, or offer for sale for

1 consumption or possess for the purpose of sale for consumption,  
2 cigarettes, ~~alternative nicotine products, or vapor products~~  
3 irrespective of quantity or amount or the number of sales; and  
4 every person within or without the state that conducts delivery  
5 sales.

6 28. "*Tobacco products*" means cigars; little cigars as  
7 defined in section 453A.42, subsection 6; alternative nicotine  
8 products; vapor products; cheroots; stogies; periques;  
9 granulated, plug cut, crimp cut, ready rubbed, and other  
10 smoking tobacco; snuff, snuff flour; cavendish; plug and twist  
11 tobacco; fine-cut and other chewing tobaccos; shorts; or refuse  
12 scraps, clippings, cuttings and sweepings of tobacco, and other  
13 kinds and forms of tobacco, prepared in such manner as to be  
14 suitable for chewing or smoking in a pipe or otherwise, or both  
15 for chewing and smoking; but does not mean cigarettes.

16 Sec. 4. Section 453A.2, subsections 1, 2, 3, and 8, Code  
17 2022, are amended to read as follows:

18 1. A person shall not sell, give, or otherwise supply any  
19 tobacco, tobacco products, ~~alternative nicotine products, vapor~~  
20 ~~products,~~ or cigarettes to any person under twenty-one years  
21 of age.

22 2. A person under twenty-one years of age shall not  
23 smoke, use, possess, purchase, or attempt to purchase any  
24 tobacco, tobacco products, ~~alternative nicotine products, vapor~~  
25 ~~products,~~ or cigarettes.

26 3. Possession of tobacco, tobacco products, ~~alternative~~  
27 ~~nicotine products, vapor products,~~ or cigarettes by an  
28 individual under twenty-one years of age does not constitute a  
29 violation under this section if the individual under twenty-one  
30 years of age possesses the tobacco, tobacco products,  
31 ~~alternative nicotine products, vapor products,~~ or cigarettes  
32 as part of the individual's employment and the individual  
33 is employed by a person who holds a valid permit under this  
34 chapter or who lawfully offers for sale or sells cigarettes or  
35 tobacco products.

1     8. *a.* A person shall not be guilty of a violation of this  
2 section if conduct that would otherwise constitute a violation  
3 is performed to assess compliance with tobacco, tobacco  
4 products, ~~alternative nicotine products, vapor products,~~ or  
5 cigarette laws if any of the following applies:

6     (1) The compliance effort is conducted by or under the  
7 supervision of law enforcement officers.

8     (2) The compliance effort is conducted with the advance  
9 knowledge of law enforcement officers and reasonable measures  
10 are adopted by those conducting the effort to ensure that use  
11 of tobacco, tobacco products, ~~alternative nicotine products,~~  
12 ~~vapor products,~~ or cigarettes by individuals under twenty-one  
13 years of age does not result from participation by any  
14 individual under twenty-one years of age in the compliance  
15 effort.

16     *b.* For the purposes of [this subsection](#), “*law enforcement*  
17 *officer*” means a peace officer as defined in [section 801.4](#) and  
18 includes persons designated under [subsection 4](#) to enforce this  
19 section.

20     Sec. 5. Section 453A.4, subsection 1, Code 2022, is amended  
21 to read as follows:

22     1. If a person holding a permit under [this chapter](#) or an  
23 employee of such a permittee has a reasonable belief based on  
24 factual evidence that a driver’s license as defined in section  
25 321.1, subsection 20A, or nonoperator’s identification card  
26 issued pursuant to [section 321.190](#) offered by a person who  
27 wishes to purchase tobacco, tobacco products, ~~alternative~~  
28 ~~nicotine products, vapor products,~~ or cigarettes is altered  
29 or falsified or belongs to another person, the permittee or  
30 employee may retain the driver’s license or nonoperator’s  
31 identification card. Within twenty-four hours, the card shall  
32 be delivered to the appropriate city or county law enforcement  
33 agency of the jurisdiction in which the permittee’s premises  
34 are located, and the permittee shall file a written report of  
35 the circumstances under which the card was retained. The local

1 law enforcement agency may investigate whether a violation  
 2 of [section 321.216](#), [321.216A](#), or [321.216C](#) has occurred. If  
 3 an investigation is not initiated or probable cause is not  
 4 established by the local law enforcement agency, the driver's  
 5 license or nonoperator's identification card shall be delivered  
 6 to the person to whom it was issued. The local law enforcement  
 7 agency may forward the card with the report to the state  
 8 department of transportation for investigation, in which  
 9 case, the state department of transportation may investigate  
 10 whether a violation of [section 321.216](#), [321.216A](#), or [321.216C](#)  
 11 has occurred. The state department of transportation shall  
 12 return the card to the person to whom it was issued if an  
 13 investigation is not initiated or probable cause is not  
 14 established.

15 Sec. 6. Section 453A.5, subsection 1, Code 2022, is amended  
 16 to read as follows:

17 1. The alcoholic beverages division of the department of  
 18 commerce shall develop a tobacco compliance employee training  
 19 program not to exceed two hours in length for employees and  
 20 prospective employees of retailers, as defined in sections  
 21 453A.1 and [453A.42](#), to inform the employees about state and  
 22 federal laws and regulations regarding the sale of tobacco,  
 23 tobacco products, ~~alternative nicotine products, vapor~~  
 24 ~~products~~, and cigarettes to persons under twenty-one years of  
 25 age and compliance with and the importance of laws regarding  
 26 the sale of tobacco, tobacco products, ~~alternative nicotine~~  
 27 ~~products, vapor products~~, and cigarettes to persons under  
 28 twenty-one years of age.

29 Sec. 7. Section 453A.13, subsections 1, 6, 9, and 10, Code  
 30 2022, are amended to read as follows:

31 1. *Permits required.* Every distributor, wholesaler,  
 32 cigarette vendor, and retailer, now engaged or who desires to  
 33 become engaged in the sale or use of cigarettes, upon which a  
 34 tax is required to be paid, and every retailer now engaged or  
 35 who desires to become engaged in selling, offering for sale, or

1 distributing alternative nicotine products or vapor products,  
2 ~~including~~ through delivery sales, shall obtain a state or  
3 retail permit as a distributor, wholesaler, cigarette vendor,  
4 or retailer, as the case may be.

5     6. *No sales without permit.* A distributor, wholesaler,  
6 cigarette vendor, or retailer shall not sell any cigarettes,  
7 or sell, offer for sale, or distribute alternative nicotine  
8 products, or vapor products through delivery sales, until such  
9 application has been filed and the fee prescribed paid for a  
10 permit and until such permit is obtained and only while such  
11 permit is unrevoked and unexpired.

12     9. *Permit — form and contents.* Each permit issued shall  
13 describe clearly the place of business for which it is issued,  
14 shall be nonassignable, consecutively numbered, designating the  
15 kind of permit, and shall authorize the sale of cigarettes, or  
16 the selling, offering for sale, or distributing of alternative  
17 nicotine products, or vapor products through delivery sales in  
18 this state subject to the limitations and restrictions herein  
19 contained. The retail permits shall be upon forms furnished by  
20 the department or on forms made available or approved by the  
21 department.

22     10. *Permit displayed.* The permit shall, at all times, be  
23 publicly displayed by the distributor, wholesaler, or retailer  
24 at the place of business so as to be easily seen by the public  
25 and the persons authorized to inspect the place of business.  
26 The proprietor or keeper of any building or place where  
27 cigarettes, ~~alternative nicotine products, vapor products,~~  
28 tobacco, or tobacco products are kept for sale, or with intent  
29 to sell, shall upon request of any agent of the department or  
30 any peace officer exhibit the permit. A refusal or failure to  
31 exhibit the permit is prima facie evidence that the cigarettes,  
32 ~~alternative nicotine products, vapor products,~~ tobacco, or  
33 tobacco products are kept for sale or with intent to sell in  
34 violation of [this subchapter](#).

35     Sec. 8. Section 453A.35, subsection 1, paragraph b, Code

1 2022, is amended to read as follows:

2     **b.** The revenues generated from the tax on cigarettes  
3 pursuant to [section 453A.6, subsection 1](#), and from the tax on  
4 tobacco products as specified in section 453A.43, subsections  
5 1, 2, 3, ~~and 4~~, 5, and 6 shall be credited to the health care  
6 trust fund created in [section 453A.35A](#).

7     Sec. 9. Section 453A.35A, Code 2022, is amended to read as  
8 follows:

9     **453A.35A Health care trust fund.**

10     1. A health care trust fund is created in the office of  
11 the treasurer of state. The fund consists of the revenues  
12 generated from the tax on cigarettes pursuant to section  
13 453A.6, subsection 1, and from the tax on tobacco products  
14 as specified in [section 453A.43, subsections 1, 2, 3, and 4](#),  
15 5, and 6 that are credited to the health care trust fund,  
16 annually, pursuant to [section 453A.35](#). Moneys in the fund  
17 shall be separate from the general fund of the state and shall  
18 not be considered part of the general fund of the state.  
19 However, the fund shall be considered a special account for  
20 the purposes of [section 8.53](#) relating to generally accepted  
21 accounting principles. Moneys in the fund shall be used only  
22 as specified in [this section](#) and shall be appropriated only  
23 for the uses specified. Moneys in the fund are not subject to  
24 section 8.33 and shall not be transferred, used, obligated,  
25 appropriated, or otherwise encumbered, except as provided in  
26 this section. Notwithstanding [section 12C.7, subsection 2](#),  
27 interest or earnings on moneys deposited in the fund shall be  
28 credited to the fund.

29     2. **a.** Moneys in the fund shall be used only for purposes  
30 related to health care, substance abuse treatment and  
31 prevention, ~~and tobacco use prevention, cessation, and control~~,  
32 and as provided for in paragraph "b".

33     **b.** Moneys credited to the fund from the tax on alternative  
34 nicotine products and vapor products as specified in section  
35 453A.43, subsections 5 and 6, annually, shall be appropriated

1 and used as follows:

2     (1) The amount credited to the fund that constitutes the  
3 amount generated from the rate of seventeen percent of the  
4 overall rate of twenty-two percent of the wholesale sales price  
5 or cost of these products is appropriated to the judicial  
6 branch to be used to fund civil and criminal specialty courts  
7 involving individuals with substance use disorder or mental  
8 health issues.

9     (2) The amount credited to the fund that constitutes the  
10 amount generated from the rate of five percent of the overall  
11 rate of twenty-two percent of the wholesale sales price or cost  
12 of these products is appropriated to the department of public  
13 health for tobacco use prevention and control efforts pursuant  
14 to chapter 142A.

15     Sec. 10. Section 453A.36, subsection 6, Code 2022, is  
16 amended to read as follows:

17     6. Any sales of tobacco, tobacco products, alternative  
18 ~~nicotine products, vapor products,~~ or cigarettes made through a  
19 cigarette vending machine are subject to rules and penalties  
20 relative to retail sales of tobacco, tobacco products,  
21 ~~alternative nicotine products, vapor products,~~ and cigarettes  
22 provided for in [this chapter](#). Cigarettes shall not be sold  
23 through any cigarette vending machine unless the cigarettes  
24 have been properly stamped or metered as provided by this  
25 subchapter, and in case of violation of this provision, the  
26 permit of the dealer authorizing retail sales of cigarettes  
27 shall be revoked. Payment of the permit fee as provided  
28 in [section 453A.13](#) authorizes a cigarette vendor to sell  
29 tobacco, tobacco products, ~~alternative nicotine products, vapor~~  
30 ~~products,~~ and cigarettes through vending machines. However,  
31 tobacco, tobacco products, ~~alternative nicotine products, vapor~~  
32 ~~products,~~ and cigarettes shall not be sold through a vending  
33 machine unless the vending machine is located in a place where  
34 the retailer ensures that no person younger than twenty-one  
35 years of age is present or permitted to enter at any time.

1 Tobacco, tobacco products, ~~alternative nicotine products,~~  
2 ~~vapor products,~~ and cigarettes shall not be sold through  
3 any cigarette vending machine if such products are placed  
4 together with any nontobacco product, other than matches, in  
5 the cigarette vending machine. **This section** does not require  
6 a retail permit holder to buy a cigarette vendor's permit if  
7 the retail permit holder is in fact the owner of the cigarette  
8 vending machines and the machines are operated in the location  
9 described in the retail permit.

10 Sec. 11. Section 453A.36, subsection 7, paragraph a, Code  
11 2022, is amended to read as follows:

12 a. It shall be unlawful for a person other than a retailer  
13 as defined in **section 453A.1** or **453A.42** who holds a valid  
14 retail permit, as applicable, to sell tobacco, tobacco  
15 products, ~~alternative nicotine products, vapor products,~~ or  
16 cigarettes at retail.

17 Sec. 12. Section 453A.36A, subsection 1, Code 2022, is  
18 amended to read as follows:

19 1. Except as provided in **section 453A.36, subsection 6,**  
20 a retailer shall not sell or offer for sale tobacco, tobacco  
21 products, ~~alternative nicotine products, vapor products,~~ or  
22 cigarettes through the use of a self-service display.

23 Sec. 13. Section 453A.39, Code 2022, is amended to read as  
24 follows:

25 **453A.39 Tobacco, tobacco products, ~~alternative nicotine~~**  
26 **~~products, vapor products,~~ and cigarette samples — restrictions**  
27 **— administration.**

28 1. A manufacturer, distributor, wholesaler, retailer, or  
29 distributing agent, or agent thereof, shall not give away  
30 cigarettes or tobacco products at any time in connection with  
31 the manufacturer's, distributor's, wholesaler's, retailer's, or  
32 distributing agent's business or for promotion of the business  
33 or product, except as provided in **subsection 2.**

34 2. a. All cigarette samples shall be shipped only to a  
35 distributor that has a permit to stamp cigarettes or little

1 cigars with Iowa tax. All cigarette samples must have a  
 2 cigarette stamp. The manufacturer shipping samples under this  
 3 section shall send an affidavit to the director stating the  
 4 shipment information, including the date shipped, quantity, and  
 5 to whom the samples were shipped. The distributor receiving  
 6 the shipment shall send an affidavit to the director stating  
 7 the shipment information, including the date shipped, quantity,  
 8 and from whom the samples were shipped. These affidavits shall  
 9 be duly notarized and submitted to the director at the time of  
 10 shipment and receipt of the samples. The distributor shall  
 11 pay the tax on samples by separate remittance along with the  
 12 affidavit.

13     **b.** A manufacturer, distributor, wholesaler, retailer, or  
 14 distributing agent or agent thereof shall not give away any  
 15 tobacco, tobacco products, ~~alternative nicotine products, vapor~~  
 16 ~~products~~, or cigarettes to any person under twenty-one years  
 17 of age, or within five hundred feet of any playground, school,  
 18 high school, or other facility when such facility is being used  
 19 primarily by persons under age twenty-one for recreational,  
 20 educational, or other purposes.

21     **c.** Proof of age shall be required if a reasonable person  
 22 could conclude on the basis of outward appearance that a  
 23 prospective recipient of a sample may be under twenty-one years  
 24 of age.

25     Sec. 14. Section 453A.42, subsection 3, Code 2022, is  
 26 amended by striking the subsection and inserting in lieu  
 27 thereof the following:

28     3. "*Delivery sale*" means the same as defined in section  
 29 453A.1.

30     Sec. 15. Section 453A.42, subsections 9 and 11, Code 2022,  
 31 are amended to read as follows:

32     9. "*Place of business*" means any place where tobacco  
 33 products are sold or where tobacco products are manufactured,  
 34 stored, or kept for the purpose of sale or consumption,  
 35 including any vessel, vehicle, airplane, train, or vending

1 machine; or for a business within or without the state that  
2 conducts delivery sales, any place where alternative nicotine  
3 products or vapor products are sold or where alternative  
4 nicotine products or vapor products are kept for the purpose of  
5 sale, ~~including delivery sales.~~

6 11. "*Retailer*" means any person engaged in the business  
7 of selling tobacco, or tobacco products, ~~alternative nicotine~~  
8 ~~products, or vapor products~~ to ultimate consumers; and every  
9 person within or without the state that conducts delivery  
10 sales.

11 Sec. 16. Section 453A.42, subsection 16, Code 2022, is  
12 amended by striking the subsection and inserting in lieu  
13 thereof the following:

14 16. "*Tobacco products*" means the same as defined in section  
15 453A.1.

16 Sec. 17. Section 453A.42, Code 2022, is amended by adding  
17 the following new subsections:

18 NEW SUBSECTION. 01. "*Alternative nicotine product*" means  
19 the same as defined in section 453A.1.

20 NEW SUBSECTION. 17A. "*Vapor product*" means the same as  
21 defined in section 453A.1.

22 Sec. 18. Section 453A.43, Code 2022, is amended to read as  
23 follows:

24 **453A.43 Tax on tobacco products.**

25 1. *a.* A tax is imposed upon all tobacco products in this  
26 state and upon any person engaged in business as a distributor  
27 of tobacco products, at the rate of twenty-two percent of  
28 the wholesale sales price of the tobacco products, except  
29 alternative nicotine products, vapor products, little cigars,  
30 and snuff as defined in [section 453A.42](#).

31 *b.* In addition to the tax imposed under paragraph "*a*", a  
32 tax is imposed upon all tobacco products in this state and upon  
33 any person engaged in business as a distributor of tobacco  
34 products, at the rate of twenty-eight percent of the wholesale  
35 sales price of the tobacco products, except alternative

1 nicotine products, vapor products, little cigars, and snuff as  
2 defined in [section 453A.42](#).

3 c. Notwithstanding the rate of tax imposed pursuant to  
4 paragraphs "a" and "b", if the tobacco product is a cigar, the  
5 total amount of the tax imposed pursuant to paragraphs "a" and  
6 "b" combined shall not exceed fifty cents per cigar.

7 d. Little cigars shall be subject to the same rate of tax  
8 imposed upon cigarettes in [section 453A.6](#), payable at the time  
9 and in the manner provided in [section 453A.6](#); and stamps shall  
10 be affixed as provided in [subchapter I of this chapter](#). Snuff  
11 shall be subject to the tax as provided in [subsections 3 and 4](#).

12 ~~e. The taxes on tobacco products, excluding little cigars~~  
13 ~~and snuff, shall be imposed at the time the distributor does~~  
14 ~~any of the following:~~

15 ~~(1) Brings, or causes to be brought, into this state from~~  
16 ~~outside the state tobacco products for sale.~~

17 ~~(2) Makes, manufactures, or fabricates tobacco products in~~  
18 ~~this state for sale in this state.~~

19 ~~(3) Ships or transports tobacco products to retailers in~~  
20 ~~this state, to be sold by those retailers.~~

21 2. a. A tax is imposed upon the use or storage by consumers  
22 of tobacco products except alternative nicotine products, vapor  
23 products, little cigars, and snuff in this state, and upon the  
24 consumers, at the rate of twenty-two percent of the cost of the  
25 tobacco products.

26 b. In addition to the tax imposed in paragraph "a", a tax  
27 is imposed upon the use or storage by consumers of tobacco  
28 products except alternative nicotine products, vapor products,  
29 little cigars, and snuff in this state, and upon the consumers,  
30 at a rate of twenty-eight percent of the cost of the tobacco  
31 products.

32 c. Notwithstanding the rate of tax imposed pursuant to  
33 paragraphs "a" and "b", if the tobacco product is a cigar, the  
34 total amount of the tax imposed pursuant to paragraphs "a" and  
35 "b" combined shall not exceed fifty cents per cigar.

1     *d.* The taxes imposed by this subsection shall not apply  
2 if the taxes imposed by subsection 1 on the specified tobacco  
3 products have been paid.

4     *e.* The taxes imposed under this subsection shall not apply  
5 to the use or storage of tobacco products in quantities of:

6         (1) Less than twenty-five cigars.

7         (2) Less than one pound smoking or chewing tobacco or other  
8 tobacco products not specifically mentioned herein, in the  
9 possession of any one consumer.

10     3. A tax is imposed upon all snuff in this state and upon  
11 any person engaged in business as a distributor of snuff at  
12 the rate of one dollar and nineteen cents per ounce, with a  
13 proportionate tax at the same rate on all fractional parts of  
14 an ounce of snuff. The tax shall be computed based on the net  
15 weight listed by the manufacturer. The tax on snuff shall be  
16 imposed at the time the distributor does any of the following:

17     *a.* Brings or causes to be brought into this state from  
18 outside the state, snuff for sale.

19     *b.* Makes, manufactures, or fabricates snuff in this state  
20 for sale in this state.

21     *c.* Ships or transports snuff to retailers in this state, to  
22 be sold by those retailers.

23     4. *a.* A tax is imposed upon the use or storage by consumers  
24 of snuff in this state, and upon the consumers, at the rate of  
25 one dollar and nineteen cents per ounce with a proportionate  
26 tax at the same rate on all fractional parts of an ounce of  
27 snuff. The tax shall be computed based on the net weight as  
28 listed by the manufacturer.

29     *b.* The tax imposed by this subsection shall not apply if the  
30 tax imposed by subsection 3 on snuff has been paid.

31     *c.* The tax imposed by this subsection shall not apply to the  
32 use or storage of snuff in quantities of less than ten ounces.

33     5. A tax is imposed upon all tobacco products that are  
34 alternative nicotine products or vapor products in this state  
35 and upon any person engaged in business as a distributor of

1 alternative nicotine products or vapor products, at the rate  
2 of twenty-two percent of the wholesale sales price of the  
3 alternative nicotine product or vapor product.

4 6. A tax is imposed upon the use or storage by consumers  
5 of tobacco products that are alternative nicotine products  
6 or vapor products in this state, and upon the consumers, at  
7 the rate of twenty-two percent of the cost of the alternative  
8 nicotine product or vapor product. The tax imposed by this  
9 subsection shall not apply if the tax imposed by subsection 5  
10 on alternative nicotine products or vapor products has been  
11 paid.

12 7. The taxes on tobacco products, excluding little cigars  
13 and snuff, shall be imposed at the time the distributor does  
14 any of the following:

15 a. Brings, or causes to be brought, into this state from  
16 outside the state tobacco products for sale.

17 b. Makes, manufactures, or fabricates tobacco products in  
18 this state for sale in this state.

19 c. Ships or transports tobacco products to retailers in this  
20 state, to be sold by those retailers.

21 ~~5.~~ 8. Any tobacco product with respect to which a tax has  
22 once been imposed under this subchapter shall not again be  
23 subject to tax under this subchapter, except as provided in  
24 section 453A.40.

25 ~~6.~~ 9. The tax imposed by this section shall not apply with  
26 respect to any tobacco product which under the Constitution  
27 and laws of the United States may not be made the subject of  
28 taxation by this state.

29 ~~7.~~ 10. The tax imposed by this section shall be in addition  
30 to all other occupation or privilege taxes or license fees now  
31 or hereafter imposed by any city or county.

32 ~~8.~~ 11. All excise taxes collected under this chapter by a  
33 distributor or any individual are deemed to be held in trust  
34 for the state of Iowa.

35 Sec. 19. Section 453A.47A, subsections 1, 2, 4, and 5, Code

1 2022, are amended to read as follows:

2 1. *Permits required.* A person shall not engage in the  
3 business of a retailer of tobacco, or tobacco products,  
4 ~~alternative nicotine products, or vapor products~~ at any place  
5 of business, or through delivery sales, without first having  
6 received a permit as a retailer.

7 2. *No sales without permit.* A retailer shall not sell any  
8 tobacco, or tobacco products, ~~alternative nicotine products, or~~  
9 ~~vapor products~~ until an application has been filed and the fee  
10 prescribed paid for a permit and until such permit is obtained  
11 and only while such permit is not suspended, unrevoked, or  
12 unexpired.

13 4. *Retailer — multiple permits not required — effect of*  
14 *suspension.* A retailer, as defined in [section 453A.1](#), who holds  
15 a permit under [subchapter I of this chapter](#) is not required to  
16 also obtain a retail permit under [this subchapter](#). However,  
17 if a retailer, as defined in [section 453A.1](#), only holds a  
18 permit under [subchapter I of this chapter](#) and that permit is  
19 suspended, revoked, or expired, the retailer shall not sell any  
20 tobacco, or tobacco products, ~~alternative nicotine products, or~~  
21 ~~vapor products~~ during the time which the permit is suspended,  
22 revoked, or expired.

23 5. *Separate permit.* A separate retail permit shall be  
24 required of a distributor or subjobber if the distributor or  
25 subjobber sells tobacco, or tobacco products, ~~alternative~~  
26 ~~nicotine products, or vapor products~~ at retail.

27 Sec. 20. Section 453A.47A, subsection 10, paragraph b, Code  
28 2022, is amended to read as follows:

29 b. Every retailer shall, when requested by the department,  
30 make additional reports as the department deems necessary and  
31 proper and shall at the request of the department furnish full  
32 and complete information pertaining to any transaction of the  
33 retailer involving the purchase or sale or use of tobacco,  
34 or tobacco products, ~~alternative nicotine products, or vapor~~  
35 ~~products~~.

1     Sec. 21.  CODE EDITOR DIRECTIVE.  The Code editor shall do  
2 all of the following:

3 1. Modify the title of chapter 453A to read "Cigarettes and  
4 Tobacco Taxes and Regulation".

5     2. Modify the subheading of subchapter I of chapter 453A to  
6 read "Cigarettes and Tobacco Products".

7     3. Modify the subheading of subchapter II of chapter 453A to  
8 read "Cigars, Tobacco, and Tobacco Products".

9       4. Modify the heading of section 805.8C, subsection 3, to  
10 read "Violations related to smoking, tobacco, tobacco products,  
11 and cigarettes".

12	EXPLANATION
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13           The inclusion of this explanation does not constitute agreement with  
14           the explanation's substance by the members of the general assembly.

15 This bill redefines alternative nicotine and vapor products  
16 as tobacco products, thereby making applicable to alternative  
17 nicotine and vapor products all provisions applicable to  
18 tobacco products with the exception of the rate of taxation  
19 of such products. Under the bill, these products are taxed  
20 at a reduced rate relative to other tobacco products at 22  
21 percent of the wholesale sales price or cost. Additionally,  
22 the revenue from the tax on these products is credited to  
23 the health care trust fund with the amount generated from 17  
24 percent of the rate to be used to fund civil and criminal  
25 specialty courts involving individuals with substance use  
26 disorder or mental health issues and with the amount generated  
27 from 5 percent of the rate to be appropriated to the department  
28 of public health to be used for tobacco use prevention and  
29 control under Code chapter 142A. The bill makes conforming  
30 changes throughout the Code to redefine these products.